GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:820
ANSWERED ON:04.03.2005
AUSTERITY MEASURES QUESTION
Chaliha Shri Kirip

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government has recently issued directives to Central Government Departments to adopt austerity measures;

(b) if so, the details thereof together with details of annual savings the Government is likely to make;

(c) whether the Government has also devised some monitoring mechanism to achieve the desired level of savings; and

(d) if so, the details thereof ?

Answer

Minister of State in the Ministry of Finance (Shri S.S.Palanimanickam)

(a) Yes, Sir.

(b) to (d) Orders in this regard were issued vide Office Memorandum No. 7(5)/E.Coord/2004 dated 24.09.2004. These orders prescribed guidelines on expenditure management - fiscal prudence and austerity which, inter-alia, include ban on the creation of posts, reduction in the number of sanctioned posts, restrictions on the filling up of vacant posts, reduction in office expenses, restrictions on purchase of vehicles, restrictions on foreign travel and on entertainment/hospitality expenses, mandatory 10% cut in the budgetary allocation for non-plan, non-salary expenditure. These measures are expected to yield savings of approximately Rs.2000 crores per annum. Ministries/Departments are to ensure strict compliance of these austerity instructions.